

Message Text

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FOLLOWING CARACAS 3761 SENT STATE APR 29 RPT TO YOU QTE

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E.O. 11652: N/A
TAGS: ETRO CBR
SUBJ: SUMMARY REPORT OF AMBASSADOR EBERLE'S VISIT TO BRAZIL

1. FOLLOWING IS SUMMARY OF RESULTS OF APRIL 24 VISIT
TO BRAZIL BY AMBASSADOR EBERLE AND HIS DELEGATION
DRAFTED BY AMEMBASSY BRAZIL AND CLEARED BY DELEGATION.
SUMMARY: AMBASSADOR EBERLE AND PARTY HAD CORDIAL AND
USEFUL EXCHANGE OF VIEWS WITH SENIOR MINISTERS OF GOB
AND OTHER OFFICIALS. MAJOR ISSUES IN DISCUSSIONS WITH
MINISTERS WAS USG COUNTERVAILING DUTY ACTION ON SHOES.
FINMIN SIMONSEN GAVE ASSURANCES THAT GOB WOULD PRESENT
COMPLETE DATA ON EXPORT INCENTIVES PRIOR TO JUNE 8
DEADLINE AND INDICATED THAT ENTIRE STRUCTURE OF THESE
INCENTIVES WAS BEING EXAMINED FOR PURPOSE OF MAKING
IT FULLY CONSISTENT WITH GATT. CURRENT STATUS OF
TRADE LEGISLATION AND U.S. POSITION ON MAJOR ISSUES
IN MTN WERE EXPLAINED IN DETAIL. GOB REAFFIRMED ITS
DESIRE FOR CONTINUED CLOSE CONSULTATIONS WITH THE

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U.S. THEY ALSO INDICATED INTEREST IN SPONSORING

RESOLUTION IN GATT TO SEEK AGREEMENT ON RULES TO GOVERN CONTROL OF SENSITIVE IMPORTS. FONMIN SILVEIRA EXPRESSED HIS DISAPPOINTMENT WITH ACTIONS BY U.S. THAT HAVE EFFECT OF LIMITING GOB EXPORTS. DELEGATION LATER HELD TECHNICAL MEETING WITH MEMBERS OF GOB INTER-MINISTERIAL GROUP ON TRADE NEGOTIATIONS. FRAMEWORK FOR MEETING WAS SERIES OF PRESENTATIONS BY AMBASSADOR EBERLE AND MEMBERS OF PARTY ON TRADE LEGISLATION (TRA), GENERAL SYSTEM OF PREFERENCES (GSP), AND MULTILATERAL TRADE NEGOTIATIONS (MTN). GOB WILL PROVIDE PRODUCT LIST FOR GSP AND BOTH SIDES AGREED TO CONSULT AND EXCHANGE INFORMATION ON EXPORT SUBSIDIES. U.S. WILL INFORM GOB IF PROBLEMS ARISE ON GSP PRODUCTS. EBERLE NOTED COMMITMENT BY FINANCE MINISTER TO PROVIDE DATA FOR COUNTERVAILING INVESTIGATION ON SHOES. END SUMMARY.

2. AT WORKING LUNCH WHICH MIN OF IND AND COMMERCE GOMES ATTENDED, FONMIN SILVEIRA, THE HOST, MADE BRIEF STATEMENT WHICH CONTAINED THE FOLLOWING MAJOR POINTS: HE EXPRESSED HIS PLEASURE WITH THE PERSONAL CONTACTS HE HAD HAD WITH THE SECRETARY AND THE OPPORTUNITY IT HAD AFFORDED FOR A USEFUL EXCHANGE OF VIEWS; THE HARMONIZATION OF POLICIES BETWEEN THE U.S. AND BRAZIL WILL NOT BE AUTOMATIC BUT SHOULD BE A NATURAL PROCESS OF RECONCILING NATIONAL POSITIONS AND INTERESTS; EBERLE VISIT IS WELCOME AS AN EFFORT TOWARD SUCH HARMONIZATION AND FULFILMENT OF THE U.S. COMMITMENT FOR A NEW DIALOGUE; THE PRESENT STRUCTURE OF TRADE AND PAYMENTS MUST BE REFORMED; THE TOKYO DECLARATION ON TRADE ACCEPTS THE NECESSITY FOR DIFFERENTIALTED AND MORE FAVORABLE TREATMENT FOR THE LDC'S; HE RECEIVED WITH PLEASURE THE SECRETARY'S RECENT STATEMENTS ON U.S. TRADE POLICY; GOB MUST RESOLVE ITS DIFFERENCES WITH THE U.S. BEFORE WE CAN REAIH HARMONIZED POSITIONS.

3. AMB. EBERLE STATED THAT HIS VISIT DID IN FACT REPRESENT A STEP TOWARDS A NEW RELATIONSHIP AND A NEW DIALOGUE, WHICH WILL HELP US MAKE CONCRETE PROGRESS. THERE WILL BE AREAS OF DISAGREEMENT AS WELL AS AGREEMENT.

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MENT. THE U.S. DESIRES TO NEGOTIATE DISAGREEMENTS DOWN TO A MINIMUM. WE WISH TO SEE A MORE EFFICIENT INTERNATIONAL ECONOMIC SYSTEM IN WHICH THERE WILL BE MORE AID AND INVESTMENT. THERE ARE DIFFERENCES BETWEEN DEVELOPED AND LESS-DEVELOPED WORLDS, BUT WE SHOULD WORK TO MINIMIZE THESE DIFFERENCES AND SEEK AGREEMENTS ON SOLUTIONS.

4. IN GENERAL DISCUSSION BETWEEN AMB. EBERLE AND
MINISTERS SILVEIRA AND GOMES, GOB CONCERN ABOUT
COUNTERVAILING DUTY ACTION ON SHOES WAS REGISTERED.
DISCUSSION ON SHOES WAS CONTINUED IN LATER MEETING WITH
FINMIN SIMONSEN AND FONMIN SILVEIRA AS WELL AS OTHER
SENIOR GOB OFFICIALS.

5. AMB. EBERLE EMPHASIZED FOLLOWING POINTS IN HIS
COMMENTS ON SHOES; THIS PTEM IS PARTICULARLY SENSITIVE;
IT IS MANDATORY THAT GOB PRESENT ITS FULL CASE, GOVERN-
MENT AS WELL AS PRIVATE, BEFORE DEADLINE OF JUNE 8;
WE HAVE A PROBLEM IN CONGRESS CONCERNING ADMINISTRATION'S
CREDIBILITY ON APPLICATION OF OUR COUNTERVAILING DUTY
LAW; WITH THE TRADE LEGISLATION WE ARE ASKING FOR A
4-YEAR AUTHORITY WHICH WOULD ENABLE ADMINISTRATION TO
SUSPEND ACTION ON COUNTERVAILING DUTY CASES UNDER CERTAIN
CIRCUMSTANCES; FOR NOW WE MUST CONTINUE TO ACT ON
COMPLAINTS THAT ARE FILED; EXECUTIVE BRANCH HOPES TO
KEEP ISSUE OUT OF THE COURTS; IF LAWSUITS ARE INITIATED,
THERE IS POSSIBILITY THAT WE MAY LOSE; TO RESOLVE
PROBLEM IN THE LONG TERM WE WISH TO SEEK AGREEMENT ON
AN INTERNATIONAL CODE.

6. MIN SIMONSEN PROVIDED FOLLOWING DETAILS ON GOB
POSITION. BRAZIL INTENDS TO COMPLY WITH JUNE 8 DEAD-
LINE, WOULD BE PREPARED TO SEND TEAM AGAIN, AND WISHES
TO CONTINUE DIRECT CONTACTS ON QUESTION OF THE GENERAL
TAX INCENTIVE SYSTEM, GOB EMPLOYS A WIDE VARIETY OF
TECHNIQUES, SOME OF WHICH MAY BE COMPARABLE TO THE U.S.
DISC LEGISLATION. GOB ASSUMES THAT IF ITS SYSTEM IS
GATT COMPATABLE, THERE WOULD BE NO DIFFICULTY WITH
U.S. MOST COUNTRIES, FOR EXAMPLE, REBATE VALUE ADDED
TAXES. GOB IS EXAMINING ITS SYSTEM IN DETAIL AND IS
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PREPARED TO MAKE ADJUSTMENTS TO ACHIEVE COMPATIBILITY
WITH GATT,

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